Development (1945 46) Department

SERIES.

G.O. No. 3834

Dated 20-7-46

Despatch Abstract.

Acts and Rules - The Indian Tea Cess Act, 1903, - Draft amendments Government of India's letter - Replied to.

No. 309 (2) Tr(IER)/47.
GOVERNMENT OF INDIA
MINISTRY OF COMMERCE.

New Delhi, the 14th June, 1948.

S. Ranganatha, Esquire, I.C.S.,
Joint Secretary to the Government of India,

The Secretary, Development Department,
Government of Madras, Madras.

Subject: The Indian Tea Cess Act, 1903.

Sir,

I am directed to say that the Government of India are considering the question of the revision of the Indian Tea Cess Act, 1903, with a view to reorganising the Indian Tea Market Expansion Board and to utilising the cess funds collected under the Act on research and other measures beneficial to the tea industry. A memorandum on the subject has been prepared and is forwarded herewith. Before arriving at a decision as to the exact nature of the changes that will have to be made in the Act, the Government of India will be glad to have any observations which the Government of Madras may wish to offer in the matter. I am to request that such observations may be forwarded so as to reach this Ministry not later than 15th July 1948.

I have the honour to be,
Sir,
Yours most obedient servant,

Sd. S. RANGANATHAN,
Joint Secretary to the Government of India.

Memorandum of amendments necessary to the Indian Tea Cess Act, 1903.

The Indian Tea Cess Act, 1903, provides for the levy of Customs duty on Indian Tea exported from India. A Board, called the Indian Tea Market Expansion Board, has been set up under the Act to receive and expend the proceeds of the cess. Various criticisms have been levelled from time to time at certain features of the Act and also at the activities and composition of the Board. It has been suggested that the scope of the Act should be widened so as to include within its ambit certain useful matters such as direction of research, collection of statistics etc., which may be necessary in the interest of the tea industry and that the Indian interests should be adequately represented on the Board. These matters were discussed at a conference held in Calcutta in December 1947 at which the representatives of the tea industry and the tea - growing Provinces and States were present. These have also received the careful consideration of the Government of India who have come to the conclusion that certain modifications of the Indian Tea Cess Act of 1903 are urgently called for. The broad outlines of the provisions which, in the opinion of the Government of India, should be incorporated in the Act are indicated below. The suggestions contained herein are tentative in nature and are liable to be modified in the light of the opinions that may be received on them.

6 2. (a) Expansion of the scope of the Act.- Although the Tocklai Experimental Station which belongs to the Indian Tea Association is engaged in research for its members, the tea industry as a whole has no research station of its own. There is also no satisfactory arrangement for the collection of statistics relating to production, cultivation, or consumption of tea in India. It has been suggested that these directions and meet the expenses from the proceeds of the cess. But this cannot be done as, under section 5 of the Indian Tea Cess Act, the proceeds of the cess collected are after deducting expenses of collections, required to be made over to the Indian Tea Market Expansion Board and can only be spent for promoting the sale and increasing the consumption of tea. ~~It is therefore necessary to widen the scope of the Indian Tea Market Expansion Board and can only be spent for promoting the sale and increasing the consumption of tea.~~ It is therefore necessary to widen the scope of the Indian Tea Cess Act so that the proceeds of the cess funds may be utilised also for the purpose of promoting activities in useful directions other than propaganda. It is accordingly proposed that the Central Government should take power under the Act to direct that the cess funds may be set apart and utilised for any project or scheme which is in the interests of the Indian Tea industry and to frame rules as to the manner in which the amounts set apart for such projects and schemes should be spent.

(b) Composition of the Indian Tea Market Expansion Board. (i) It is considered essential that in order to ensure better control over the Indian Tea Market Expansion Board and to ensure proper co-ordination amongst the various organisations, connected with the industry, an official should be appointed by the Central Government as the Chairman of the Board. As it is intended that the official Chairman should also be the head of all other central or statutory organisations concerned with tea, this will lead to co-ordinated action.

Tea Market Expansion Board and the Executive Committee should be so modified as to provide for direct representation of the planters on the Board, instead of through the Chambers of Commerce of the Indian Tea Association. Further as a large amount is spent by the Board annually on propaganda ~~amount is spent by the Board annually on propaganda~~ etc. it is considered that the Governments of the tea growing Provinces and States should also have representation on the Board. Having regard to the various interests to be represented it is proposed to reconstitute the Board as follows:

1. Chairman - an official to ~~to~~ be appointed by the Government of India

3 representatives of European planters of Assam

1 representative of Indian planters of Assam

2 representatives of European planters of West Bengal

1 representative of Indian planters of West Bengal

2 representatives of European planters of South India (including Travancore and Cochin)

1 representative of Indian planters of South India

3 representatives of Exporters

1 representative of Federation of Indian Chambers of Commerce & Industries

1 official nominated by the Government of West Bengal

1 " " " " Madras

1 " " " " East Punjab

1 " " " " Assam

1 " " " " United Provinces

1 official nominated by the Government of Travancore

" " " " Tripura

Total 22

(iii) It is also proposed that in addition to the Chairman, the Executive Committee shall consist of 8 members the various interests being represented on the Committee more or less

in the same proportion as on the Board.

3. Secretariat and staff of the Indian Tea Market Expansion Board - (a) Secretariat work of the Board, which is at present entrusted to the Bengal Chamber of Commerce, should be separated from that body and a separate Government Organisation should be set up for carrying on the work.

(b) Under the present Act, the Government of India have no control over the composition appointment, pay etc., of the staff employed by the Board. As there has been considerable dissatisfaction over this arrangement, it is proposed to take upon the Central Government power to regulate these matters by making necessary rules.

4. In view of the above, section 7 of the Act should be so amended as to confer power on the Central Government to make rules or by-laws, in consultation with the Indian Tea Market Expansion Board, for all or any of the following additional matters:

(i) the regulation of the procedure to be followed at meetings of the Committee;

(ii) the appointment of sub-committee;

(iii) the delegation to sub-committees, members of officers of the Committee of any of the powers of the Committee under this Act;

(iv) the establishment and maintenance of officers by the Committee;

(v) the determination of the travelling allowances of the members of officers of the Committee or of the members of a sub-committee;

(vi) the appointment, promotion and dismissal of officers, and establishment of the Committee, and the creation and abolition of appointments of such officers and establishment;

(vii) the regulation of the grant of pay and leave to such officers and establishment;

(viii) any other matter in respect of which by-laws may be made under the Act or the rules made thereunder.

5. Relationship of the Board with the International Tea Market Expansion Board - Propaganda for increasing the consumption of tea in foreign countries is carried on by the International Tea Market Expansion Board. The Indian Board makes a large contribution towards the up-keep and the activities of the International Board. It is considered desirable that the Central Government should take upon itself powers to regulate India's © representation on the International Tea Market Ex-
© contribution. They should also have adequate

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~~contribution. They should also have adequate representation on the International Tea Market~~ Expansion Board. It is accordingly proposed to move the appropriate authorities for a reconstitution of the Internation Board on the following lines:

(i) Each tea producing country should have three representatives on the Board, one official representing the Government of the country and two representatives of producers nominated by Government on the advice of the producers;

(ii) Voting right should be proportionate to each country's contribution and should be exercised by the Government member or his nominee;

(iii) Each Government should have representation on the Propaganda Directorate and other Executive organisations under the Board in proportion its contribution;

(iv) Each country's contribution to the International Board should be fixed with the prior approval of the Government of that country.

/True Copy/

Express Telegram No. 68577DII/48, 3rd 15-7-48

Restruam, New Delhi.

Reference your letter No. 309(2)Tr(IKR)/47, dated 14th June 1948 regarding(the) revision of (the) Indian Tea Cess Act, 1903 stop. Madras Government have no special remarks to offer on (the) proposed amendments.

Devment.

To the Secretary to the Government of India, Ministry of Commerce, New Delhi.
Copy to the Director of Industries and Commerce.
Copy to the Director of Agriculture.
Copy to the Board of Revenue.

/True Copy/

The Telegram ~~on p. 17~~ above was issued. The papers may now be recorded.

G.O.MS. 3853, Development, dated 20-7-48.

Acts and Rules - The Indian Tea Cess Act, 1903 - Draft amendments - Government of India's letter - Replied to.

Sd. x x x
20-7-48.

/True Copy/

R. Thiagarajan 12.1.54
Office Assistant
~~Superintendent~~,
-1-1954
Madras Record Office

ss/31-7.